SIP Trunking, Service Provider Perspective
Cbeyond BeyondVoice^{TM} with SIPconnect

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Agenda

- **Introducing Cbeyond - Managed VoIP Service Provider**

- **Customer IP Telephony Needs**

- **Partnerships: Addressing the Needs**

Cbeyond Business Overview

- **Managed Services Provider**
- **to Small Businesses**

- Integrated suite of applications and services delivered to ~48,000 small business customers in 13 major U.S. cities
- Small business market not adequately served by incumbents

- **Indirect & Direct Selling Approach**

- Unmatched reseller support
- ~55 direct sales reps per market
- Sales model resonates well with entrepreneurs
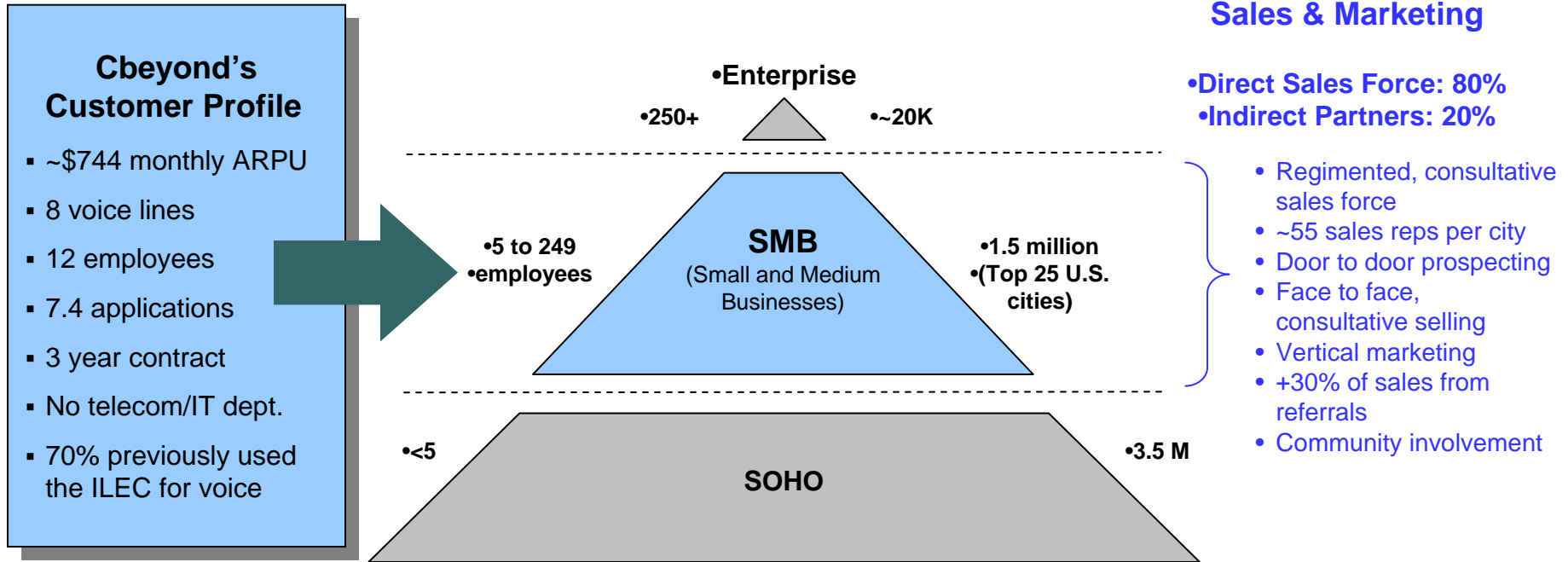
- **All IP Platform**

- IP network affords application flexibility and advanced features
- Lower cost structure relative to traditional networks
- Integration of wireline, mobile and IT services

- **Proven, Replicable Model**

- Positive market-level operating cash flow typically within two years
- Positive free cash flow* typically within three years
- Predictable revenue and margin growth with each market launched

Cbeyond's mission is to deliver "big business" communications tools to small business at prices they can afford and we can deliver profitably.
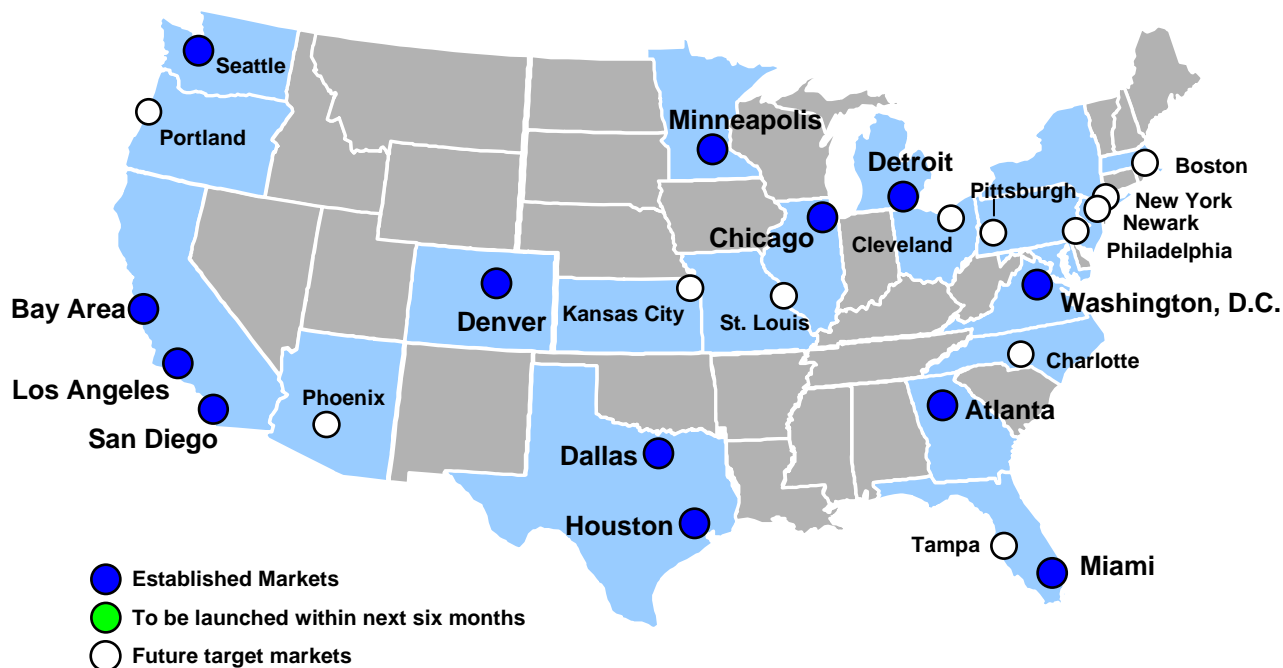
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*Adjusted EBITDA less Capital Expenditures

Our Target Market – The Small Business Entrepreneur

Cbeyond's Customer Profile

- ~$744 monthly ARPU
- 8 voice lines
- 12 employees
- 7.4 applications
- 3 year contract
- No telecom/IT dept.
- 70% previously used the ILEC for voice

•Enterprise

•250+   •~20K

•5 to 249
•employees

SMB
(Small and Medium Businesses)

•1.5 million
•(Top 25 U.S. cities)

•<5   •3.5 M

SOHO

•**Cbeyond's Approach to Sales & Marketing**

•**Direct Sales Force: 80%**
•**Indirect Partners: 20%**

- Regimented, consultative sales force
- ~55 sales reps per city
- Door to door prospecting
- Face to face, consultative selling
- Vertical marketing
- +30% of sales from referrals
- Community involvement

Cbeyond serves entrepreneurs who value customer service and productivity enhancing applications over price.

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Growing Nationwide Footprint

Cbeyond's Current and Future Markets

Legend:
- ● Established Markets
- ● To be launched within next six months
- ○ Future target markets

Map labels: Seattle, Portland, Minneapolis, Detroit, Boston, Pittsburgh, New York, Newark, Chicago, Cleveland, Philadelphia, Bay Area, Denver, Kansas City, St. Louis, Washington, D.C., Los Angeles, Phoenix, Charlotte, San Diego, Atlanta, Dallas, Houston, Tampa, Miami

- ● Cbeyond currently serves 13 markets

- ● Recent launches:
  - ● Q4-07 – SF/Bay Area
  - ● Q1-08 – Miami
  - ● Q2-08 – Minneapolis
  - ● Q1-09 – Washington, D.C.
  - ● Q4-09 – Seattle

- ● Scheduled launches in 2010:
  - ● Q2-10 – TBA
  - ● Q4-10 – TBA

- ● Cbeyond's first 13 markets cover 65% of the 1.5 million SMBs in the top 25 U.S. cities

- ● Cbeyond's marketshare is:
  - ● 13% in earliest four markets
  - ● 10% in earliest five markets

Top 25 markets in the U.S. have 1.5 million small businesses (5 to 249 employees).

Managed Services – Core Offering

- End-to-end management and integration

- High level of customer service

- Bundled packages, competitively priced

- Connect with existing legacy key systems or next generation IP-PBXs (SIPconnect)

- CbeyondOnline for web-based account management

BeyondVoice	I	II	III
Target Market	4 to 30 employees	30 to 100 employees	100 to 200 employees
Monthly Price *	$495	$895	$1,695
T-1 Circuits	1	2	3
Local Phone Lines	6	16	36
Domestic Long Distance and Mobile	1,500 minutes	3,000 minutes	9,000 minutes
Broadband Internet	1.5 Mbps	3.0 Mbps	4.5 Mbps

* Pricing may vary depending upon contract length

Applications "Seeded" in Each Package	• 1 Single/Group Voicemail Box	• 5 GB Web Hosting	• 60 Conference Calling Minutes
	• Basic Email	• 2 GB Backup Storage	• 1 VPN Remote User Account
	• 1 Fax-to-Email Number	• 1 Toll Free Number	• 1 Secure Desktop Subscription
	• Caller ID with Number	• 1st Yr. Domain Registration	• 60 Calling Card Minutes

Additional Lines and Minutes	• Additional Local Lines or Mobile Phones (additional 500 minutes per line)	$40 per line
	• Mobile Data (Blackberry and LG supported)	$40 per device
	• Long Distance and Mobile Overage	6¢ per minute

Applications Drive Our Value Proposition

Voice Services

- Local, Long Distance
- Calling Card
- Toll Free
- Scheduled Call Forwarding
- Directory Listing
- Collect/900

Security

- VPN On-net
- VPN Off-net
- VPN Remote User
- Managed Firewall
- Virus Protection

Mobility

- Mobile Devices (e.g. cell phones, BlackBerry, Moto Q)
- Mobile Laptop Card (EV-DO)
- Text Messaging
- Mobile Workforce Manager

Messaging & Collaboration

- Hosted Microsoft Exchange
- SpamBlocker
- Integrated Voicemail
- Fax-to-Email
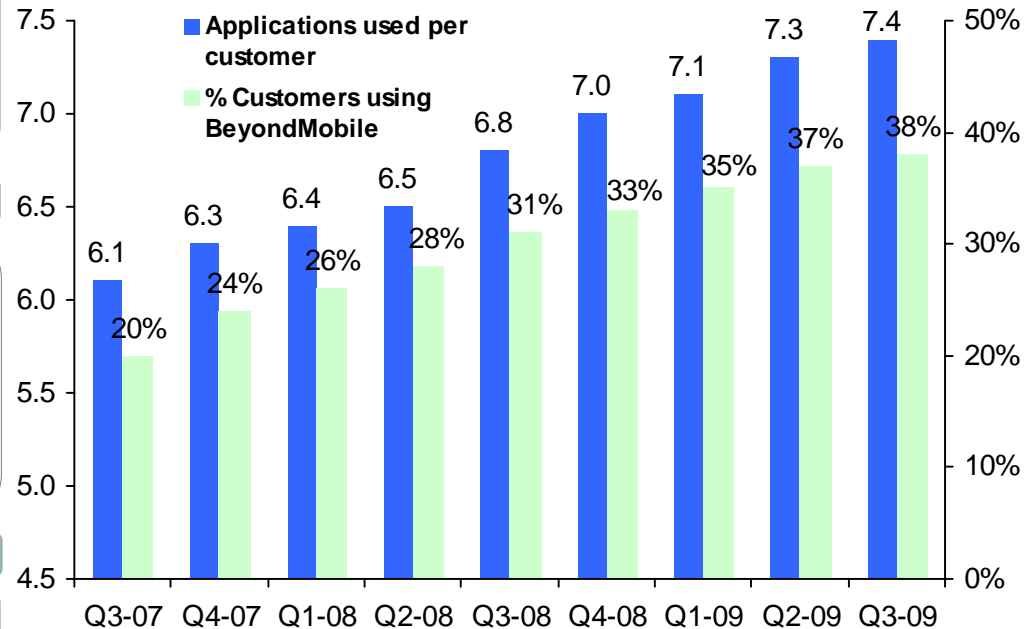- Whalemail
- Conference Calling
- Unified Messaging

Storage

- Web Hosting
- Secure Backup
- File Storage

SIPconnect

- IP PBX SIP Trunking
- Personal Call Assistant

•Increasing application use per customer and BeyondMobile adoption

Legend:
- Applications used per customer
- % Customers using BeyondMobile

Quarter	Applications used per customer	% Customers using BeyondMobile
Q3-07	6.1	20%
Q4-07	6.3	24%
Q1-08	6.4	26%
Q2-08	6.5	28%
Q3-08	6.8	31%
Q4-08	7.0	33%
Q1-09	7.1	35%
Q2-09	7.3	37%
Q3-09	7.4	38%

Achieved mobile penetration target of 38% at Q3-09.

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SMB Customer Need

- **Aging or no existing PBX**

- **Increased awareness of IP telephony features**

- **Demand for feature rich telephony**

- **Reliable service provider & premise solutions**

- **Maintain consistent customer support and management processes**

Benefits of BeyondVoice with SIPconnect

- **Direct Inward Dial (DID) affordable for smaller companies**

- **Cloud based calling features, Personal call Assistant**

- **Cost Savings**

- **Managed Network with QoS**

- **Analog Ports included for fax machines / analog devices**

- **"Future-proofing" your voice solutions**

- **Strategic Partnerships with IP PBX Manufacturers**

BeyondVoice with SIPconnect
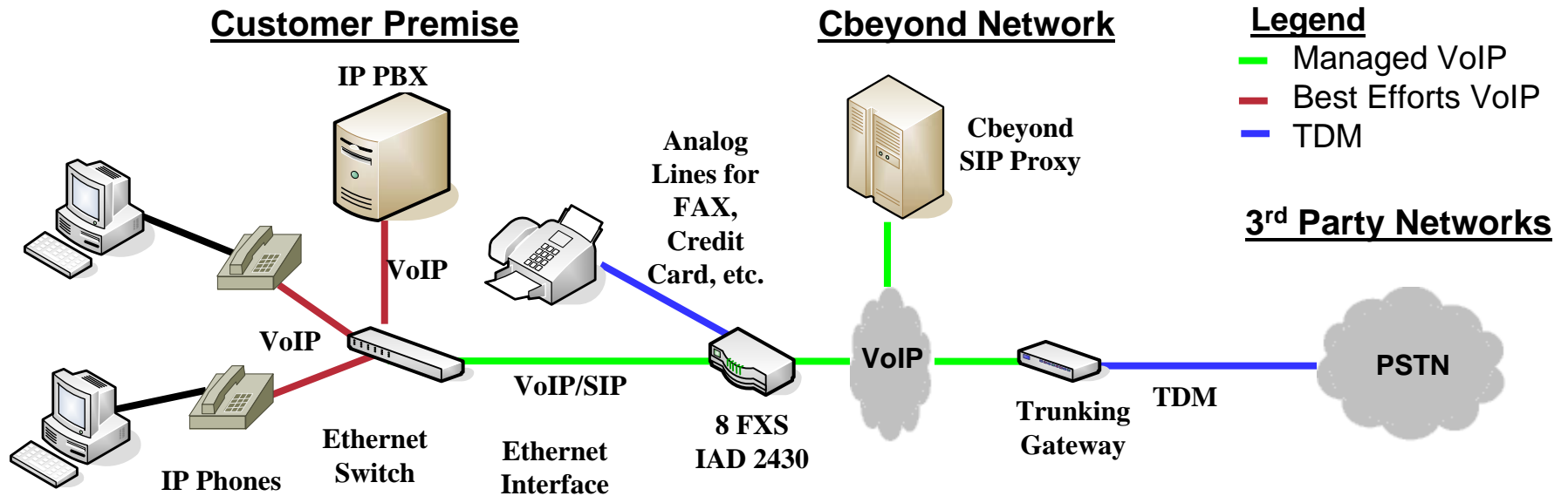
- Beyondvoice with SIPconnect provides a single Ethernet connection for managed voice and data

- Analog ports are included for fax and analog devices

Service Provider and Partners Address Needs

- **Service provider offer unmatched reseller channel support**
  - Training, resources, incentives, opportunity to grow, direct human contact

- **Build partnerships with premise equipment manufacturers**
  - Address reseller channel together
  - Join training, resources, and incentives
  - Incentives to be extended to the end customer

- **Benefits**
  - Service Provider delivers reliable and supportable service
  - Reseller Channel deliver customized premise solution for customers needs
  - Confidence in both the reseller and customer base

http://platform.cbeyond.net